

Exh. MDM-1T  
Docket UE-210829  
Witness: Matthew D. McVee

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba  
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-210829

**PACIFICORP**

**DIRECT TESTIMONY OF MATTHEW D. MCVEE**

**July 2023**

**TABLE OF CONTENTS**

I. INTRODUCTION AND PURPOSE OF TESTIMONY ..... 1

II. PACIFICORP OVERVIEW ..... 2

III. STAKEHOLDER ENGAGEMENT..... 7

IV. PACIFICORP’S CEIP ..... 11

    A. Comparing the Initial and Revised CEIPs .....12

    B. Interim and Specific Targets.....14

    C. Specific Actions .....19

    D. CEIP Update .....25

V. CONCLUSION..... 26

1                   **I.       INTRODUCTION AND PURPOSE OF TESTIMONY**

2   **Q.    Please state your name, business address, and present position with PacifiCorp**  
3       **d/b/a Pacific Power & Light Company (PacifiCorp or Company).**

4   A.   My name is Matthew D. McVee and my business address is 825 NE Multnomah  
5       Street, Suite 2000, Portland, Oregon 97232. I am currently employed as Vice  
6       President, Regulatory Policy and Operations.

7   **Q.    Please describe your education and professional experience.**

8   A.   I have a Bachelor of Science Degree in Biology from Lewis and Clark College and a  
9       Juris Doctorate Degree from Lewis and Clark Law School. I have provided legal  
10      counsel to various clients in regulatory matters at both state regulatory commissions  
11      and the Federal Energy Regulatory Commission (FERC), and acted as administrative  
12      attorney to a commissioner at the Nevada Public Utilities Commission. I joined  
13      PacifiCorp in 2005 as senior legal counsel for transmission. I became General  
14      Counsel for the Western Electricity Coordinating Council in 2008, joined the law  
15      firm Troutman Sanders P.C. as a partner in 2010, and rejoined the PacifiCorp legal  
16      department in 2013. Before taking my current position in 2021, I was Chief  
17      Regulatory Counsel for PacifiCorp. My current responsibilities include managing  
18      regulatory relations with the California, Oregon, and Washington state regulatory  
19      commissions, staffs, and stakeholders; developing regulatory policy strategies for  
20      PacifiCorp; and managing PacifiCorp's regulatory discovery and filings group. I have  
21      testified on various matters before state utility commissions in Oregon, California,  
22      and Washington.

1 **Q. What is the purpose of your testimony in this case?**

2 A. I provide a general overview of PacifiCorp, stakeholder engagement processes, the  
3 2021 Clean Energy Implementation Plan (CEIP), and provide support for the  
4 Company's policy positions in the filing. Specifically, I compare the Company's  
5 initial CEIP filed December 30, 2021 (Initial CEIP), and revised CEIP filed March  
6 13, 2023 (Revised CEIP); discuss the Company's interim and specific targets, and  
7 specific actions to meet these targets; and discuss the Company's need to update the  
8 Revised CEIP.

9 **Q. Is the Company's CEIP supported by other Company witness testimony?**

10 A. Yes. Company witness Kenneth Lee Elder discusses the Company's customer-benefit  
11 indicators (CBIs) in greater detail, while Company witness Rohini Ghosh discusses  
12 the Company's resource modeling that informed the Initial and Revised CEIP and  
13 resulting targets and incremental costs.

14 **Q. What are your recommendations?**

15 A. I recommend the Washington Utilities and Transportation Commission (Commission)  
16 approve the Revised CEIP, acknowledging that the Company will update the CEIP  
17 interim targets in the Company's 2023 Biennial CEIP update to address several issues  
18 and assumptions. PacifiCorp will file its Biennial CEIP update with the Commission  
19 by November 1, 2023.

20 **II. PACIFICORP OVERVIEW**

21 **Q. Please provide a brief description of PacifiCorp.**

22 A. As an investor-owned, multi-jurisdictional electric utility, PacifiCorp serves two  
23 million customers in six western states including California, Idaho, Oregon, Utah,

1 Washington, and Wyoming.

2 PacifiCorp provides wholesale transmission service under its open access  
3 transmission tariff approved by the FERC and currently owns or has interests in  
4 approximately 17,700 miles of transmission lines. PacifiCorp also currently owns, or  
5 has interests in thermal, hydroelectric, wind-powered, solar, and geothermal  
6 generating facilities, with a net-owned capacity of close to 12 gigawatts. PacifiCorp  
7 also operates two Balancing Authority Areas (PacifiCorp Balancing Authority Area  
8 East and PacifiCorp Balancing Authority Area West) that comprise the largest  
9 privately owned and operated grid in the western United States. PacifiCorp buys and  
10 sells electricity on the wholesale market with other utilities, energy marketing  
11 companies, financial institutions, and other market participants to balance and  
12 optimize the economic benefits of electricity generation, retail customer loads, and  
13 existing wholesale transactions.

14 **Q. What are the advantages of PacifiCorp's large regional footprint?**

15 A. PacifiCorp's integrated system allows Washington customers to receive low-cost  
16 generation from some of the best renewable generation sites in the country. This  
17 reduces power costs and emissions for customers and supports local economies and  
18 communities throughout the west. As PacifiCorp looks to the future, there are even  
19 more opportunities for customers to benefit from the connected west that PacifiCorp's  
20 integrated system creates, for example from participation in a regional resource  
21 adequacy program, or expansion of markets that allow participants to more efficiently  
22 operate their systems. PacifiCorp is and will remain actively engaged in creating  
23 opportunities to leverage our vast, integrated system for the benefit of our customers.

1 **Q. Please describe PacifiCorp's Washington service area.**

2 A. In Washington, PacifiCorp serves approximately 140,000 customers throughout  
3 Benton, Columbia, Garfield, Kittitas, Yakima, and Walla Walla Counties. The  
4 Company's Washington service area is largely non-urban, with some of the lowest  
5 median income levels in the state. PacifiCorp's sales and revenues are distributed  
6 among residential customers, small businesses, and large businesses served under  
7 retail tariffs subject to the Commission's jurisdiction.

8 **Q. Please describe PacifiCorp's core customer service principle.**

9 A. PacifiCorp's core principle is to provide sustainable energy solutions and safe,  
10 reliable, and affordable energy to customers in Washington and throughout the west.  
11 The Company has upheld this ideal for over 110 years and remains steadfast in this  
12 commitment even as the electricity sector transforms through public policies,  
13 emerging and maturing technologies, and the rise of regional energy markets.

14 PacifiCorp is at a pivotal moment as our system adapts to changing market  
15 conditions for generating resources, new state mandates including Washington's  
16 Clean Energy Transformation Act (CETA) and increasing demands from customers  
17 for energy from specific types of generating resources. However, PacifiCorp is  
18 uniquely positioned to respond to these changes as the result of our geographically  
19 diverse generation footprint, facilitated by our expansive transmission system.

20 **Q. How are costs from PacifiCorp's six-state system allocated to Washington  
21 customers?**

22 A. For several decades PacifiCorp and the states where it operates have engaged in  
23 multilateral negotiations to determine how to reasonably allocate the costs and

1 benefits from shared assets used to serve customers across all states.<sup>1</sup> Generally, the  
2 multi-state process (MSP) results in an allocation methodology that is submitted for  
3 approval by the utility Commission in each state where the Company operates, and  
4 once approved govern PacifiCorp ratemaking proceedings.

5 The Commission approved the 2020 PacifiCorp Inter-Jurisdictional Allocation  
6 Protocol in 2020 (the 2020 Protocol), which included a separate allocation  
7 methodology for PacifiCorp's Washington customers: the Washington Inter-  
8 Jurisdictional Allocation Methodology (WIJAM).<sup>2</sup> The WIJAM departed from the  
9 previous allocation methodology used in Washington (the West Control Area Inter-  
10 Jurisdictional Allocation Methodology), and relevant here, allowed non-emitting  
11 resources from across PacifiCorp's system to be included in Washington customer  
12 rates.<sup>3</sup> This method significantly lessened the potential burden that would be required  
13 to comply with CETA, and from PacifiCorp's perspective, more appropriately aligned  
14 with its actual operations to serve Washington load.

15 **Q. Can you provide more detail on the 2020 Protocol and WIJAM?**

16 A. PacifiCorp's allocation methodologies have always been dynamic, where allocation  
17 percentages from PacifiCorp's entire resource portfolio are recalculated with rate  
18 filings to reflect current usage. In other words, PacifiCorp's customers would only  
19 pay the share used to serve their load, updated with each rate case.

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<sup>1</sup> These negotiations predated the 1989 merger of PacifiCorp and Utah Power & Light, when PacifiCorp, before the merger, served parts of California, Oregon, Washington, Montana, and Wyoming.

<sup>2</sup> *In re PacifiCorp's Multi-State Allocation Proceeding*, Consolidated Dockets UE-191024, UE-190750, UE-190929, UE-190981, UE-180778, Final Order 09/07/12, ¶¶ 93-114 (Dec. 14, 2020) (generally discussing that under the WIJAM, Washington customers benefit from PacifiCorp's significant transmission system and diverse mix of generation assets with increased net-power cost benefits, more options to comply with Washington's renewable portfolio standard and CETA, and increased production tax credits, wheeling revenues, and system diversity.”).

<sup>3</sup> *Id.* ¶ 98.

1           Understanding this reality, all parties envisioned the 2020 Protocol as a  
2 transition agreement while a more durable allocation methodology was developed  
3 that would allow the Company to meet state energy policies while continuing to  
4 ensure that each state received the significant benefits from PacifiCorp’s expansive  
5 system of transmission and generation assets, and access to markets. Accordingly, the  
6 2020 Protocol envisioned a Post-Interim Period Methodology that would be filed with  
7 state commissions for approval. The parties originally envisioned that states would be  
8 assigned a fixed share of resources procured at times of resource need, whether due to  
9 increased load or mandated resource transitions.

10           This differed from current 2020 Protocol dynamic methodologies, and the  
11 parties originally contemplated that the Post-Interim Period Methodology would be  
12 finalized and approved for use starting in 2024.

13 **Q. Why is this relevant to PacifiCorp’s CEIP?**

14 A. Given Washington’s resource transition and load needs, PacifiCorp’s CEIP assumed  
15 that Washington would receive a higher portion of renewable resources procured for  
16 service in 2024 and 2025 under the Post-Interim Period Methodology, and partially  
17 established interim targets based on that assumption. However, parties have not  
18 reached agreement on the Post-Interim Period Methodology due to significant and  
19 evolving events (including, among other things, supply chain and workforce issues  
20 impacting resource procurement, the federal ozone transport rule, and market  
21 developments), and the Company has filed to extend the 2020 Protocol in Oregon,  
22 Wyoming, Utah, and Idaho for an additional two years and maintain the current



1 allocation methodology during that time.<sup>4</sup> For Washington, the WIJAM did not  
2 require an extension because it was intended to remain in place until the Commission  
3 approved a subsequent methodology.

4 Currently, parties have discussed options to maintain dynamic allocation to  
5 mitigate risks where any particular resource is assigned to a specific state,  
6 recognizing that the broader resource transition and reliability risks presented in the  
7 West are mitigated by access to a larger portfolio with greater resource diversity.  
8 Based on the discussions, PacifiCorp has agreed to explore this alternative and  
9 understands the potential continued benefits for customers. MSP discussions are  
10 ongoing, with parties to the Framework Issues Workgroup meeting every one to two  
11 months.

### 12 III. STAKEHOLDER ENGAGEMENT

13 **Q. Can you discuss PacifiCorp's engagement with its stakeholders prior to filing the**  
14 **CEIP?**

15 **A.** Yes. Over the course of 2021, the Company held over twenty half-day meetings,  
16 technical conferences, or workshops with the Company's newly created Washington  
17 Equity Advisory Group (EAG), Demand-Side Management (DSM) Advisory Group,  
18 Low-Income Advisory Group, and general PacifiCorp customers.<sup>5</sup> These meetings  
19 were in addition to the Company's bi-monthly meetings with Commission Staff to

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<sup>4</sup> The Company anticipates that the California allocation methodology will govern until replaced by the next MSP agreement, which is currently pending before the California Public Utility Commission for approval. *In re PacifiCorp 2022 Rate Case*, Dkt. A.22.05.006, Application, Exhibit PAC/900 (May 5, 2022) (discussing PacifiCorp's MSP agreement proposal).

<sup>5</sup> PacifiCorp Refiled CEIP, at 107, Table 5.2

1 discuss specific CEIP concerns, and engagement with various Commission technical  
2 workshops and rulemaking proceedings on discrete CEIP implementation issues.

3 As a result of these discussions the Company: expanded its low-income  
4 weatherization plan;<sup>6</sup> developed a comprehensive set of initial customer benefit  
5 indicators;<sup>7</sup> developed a strategy for the Company's DSM Business Plan and 2021  
6 demand side request for proposals;<sup>8</sup> created on-bill financing for customers to invest  
7 in residential energy savings projects;<sup>9</sup> established an electric vehicle grant  
8 program;<sup>10</sup> modified its LIBA program;<sup>11</sup> and finalized an energy burden assessment  
9 and residential energy usage survey.<sup>12</sup> The Company also addressed significant  
10 barriers to participation, stemming from both the COVID-19 pandemic, and  
11 customer-specific language, cultural, and economic considerations.<sup>13</sup> For example the  
12 Company created printed bill inserts for customers that lacked computer or internet  
13 accessibility; created radio advertisements of PacifiCorp's public meetings in both  
14 English and Spanish; and expanded communication distribution channels to the  
15 Hispanic Heritage Month and Central Washington Hispanic Chamber of Commerce.<sup>14</sup>

16 These actions informed the Company's inaugural CEIP that was filed with the  
17 Commission on December 30, 2021.

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<sup>6</sup> See, e.g., *In re PacifiCorp's 2023 Annual Conservation Plan*, Docket UE-210830 (Nov. 15, 2022).

<sup>7</sup> 2023 PPP, at 4.

<sup>8</sup> Revised CEIP, at 77.

<sup>9</sup> 2023 PPP, at 4.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> CEIP, at 109–111.

<sup>14</sup> Revised CEIP, at 107.

1 **Q. Can you discuss PacifiCorp’s engagement with its stakeholders after filing the**  
2 **CEIP?**

3 A. Yes. After the Company filed the Initial CEIP, the Commission provided an  
4 opportunity for interested parties to comment, and subsequently received comments  
5 from Commission Staff, Public Counsel, Sierra Club, Renewable Northwest, NW  
6 Energy Coalition (NWEC), The Energy Project (TEP), Alliance of Western Energy  
7 Consumers (AWEC), and from Pete Werner. Together, these stakeholders provided  
8 approximately eighty comments on various subjects, ranging from general comments,  
9 to CBI’s, to specific actions, to incremental costs.

10 The Company facilitated two public workshops with all CEIP stakeholders to  
11 discuss these written comments and the Company’s responses to each, the first held  
12 on August 31, 2022, and the second on September 21, 2022. Prior to each workshop,  
13 the Company circulated its initial and revised responses to each stakeholder comment,  
14 and suggested next steps to resolve the comment. During the workshops, stakeholders  
15 discussed each comment individually, and together we determined if the specific  
16 issue was resolved based on the Company’s response or required additional  
17 discussion or engagement. As a result of these workshops: 11 comments were  
18 resolved; 52 could potentially be resolved based on additional individual discussions  
19 or group workshops; and 14 were left unresolved, as they were either dependent on  
20 resolution of Commission Staff’s administrative complaint regarding the CEIP,<sup>15</sup>  
21 which I address later in my testimony, or additional individual discussions were

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<sup>15</sup> *In re PacifiCorp CEIP Complaint*, Docket No. UE-220376, Complaint and Notice of Prehearing Conference (Jun. 6, 2022).

1 needed. The results of those two workshops were compiled into an excel spreadsheet  
2 that is available on the Company's CEIP landing page.<sup>16</sup>

3 **Q. What was the purpose of these workshops?**

4 A. The Company had initially planned to use these workshops to arrive at a list of  
5 conditions that it could jointly submit to the Commission for consideration during an  
6 open meeting.

7 **Q. Has the Company continued to engage with its stakeholders in other channels?**

8 A. Yes. The Company has continued to facilitate discussions and engage with its CEIP  
9 stakeholders, and most of these channels are reflected in the Company's 2023 Public  
10 Participation Plan (PPP) recently filed with the Commission,<sup>17</sup> and materials from  
11 these channels from 2021 through the present can be accessed from the Company's  
12 CEIP website.<sup>18</sup>

13 To highlight a few examples, PacifiCorp has held twenty-one additional half-  
14 day workshops and discussions since filing its Initial CEIP to continue engaging with  
15 its Washington EAG, DSM Advisory Group, Integrated Resource Plan (IRP) Public  
16 Input Process, and LIBA Program, sometimes meeting three times a month with  
17 online, hybrid, or in-person local visits to meet our stakeholders respective  
18 engagement needs. To increase participation and ensure continuity, the Company has  
19 created a stipend for stakeholders where members can receive \$400 for each  
20 Company-convened meeting.<sup>19</sup> Meeting materials and Company notes are available

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<sup>16</sup> Available here: <https://www.pacificorp.com/energy/washington-clean-energy-transformation-act-equity.html>.

<sup>17</sup> 2023 PPP available here:  
<https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/ceip/210305-WA%20UE-210305%20PAC-PPP-5-01-23.pdf>.

<sup>18</sup> Available here: <https://www.pacificorp.com/energy/washington-clean-energy-transformation-act-equity.html>.

<sup>19</sup> 2023 PPP, at 11.

1 on the Company’s CEIP website, and accessible in both English and Spanish  
2 versions.<sup>20</sup> These meetings are in addition to the monthly or bi-monthly discussions  
3 with Commission Staff on CEIP related concerns. As indicated in the Company’s  
4 2023 PPP, the Company will continue these various bi-monthly meetings for the rest  
5 of 2023,<sup>21</sup> and will begin to inform the Company’s upcoming 2025 CEIP  
6 development processes.

#### 7 IV. PACIFICORP’S CEIP

8 **Q. Can you provide a general overview of PacifiCorp’s CEIP?**

9 A. Yes. As noted in the CEIP Executive Summary, the Company has been on an  
10 independent trajectory to economically develop clean energy across its six-state  
11 service territory since at least its 2017 IRP.<sup>22</sup> As of 2020, 22 percent of the  
12 Company’s Washington retail customers were served by renewable and non-emitting  
13 energy,<sup>23</sup> and this creates a strong foundation for the Company to continue its journey  
14 to achieve CETA’s ambitious requirements.

15 While achieving 100 percent clean energy for Washington customers by 2045  
16 is not without obstacles, the Company anticipates that for the first compliance period  
17 through 2025 it will cost approximately \$2.59 annually to comply with CETA  
18 (including both supply and demand side resource costs, as well as public engagement  
19 costs).<sup>24</sup> This amounts to approximately a 0.77 percent annual increase in customer  
20 rates,<sup>25</sup> and is materially below the Commission’s two percent threshold for

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<sup>20</sup> Available here: <https://www.pacificorp.com/energy/washington-clean-energy-transformation-act-equity.html>.

<sup>21</sup> 2023 PPP, at Table 2.

<sup>22</sup> Revised CEIP, at 5.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 100, Table 4.3.

<sup>25</sup> *Id.* at 95.

1 alternative compliance. Based on then-current forecasted Washington revenues,  
2 alternative compliance would only become relevant if the Company's annual  
3 incremental costs to comply with CETA exceeded \$16.67 million.<sup>26</sup>

4 This annual \$2.59 million represents incremental costs from actions that  
5 PacifiCorp would otherwise not have taken but for the requirements of Washington  
6 law. While specific costs will be determined based on how the Company's actual  
7 actions to comply with CETA diverge from the proposed steps in this CEIP, and as  
8 decided by the Commission in future rate proceedings, the current CEIP indicates  
9 only modest impacts to customers through 2025.

10 **Q. Are there any specific issues you would like to highlight for the Commission's**  
11 **consideration?**

12 A. Yes, there are several issues that merit additional Commission consideration. These  
13 include a general comparison of the Company's Initial and Revised CEIPs; select  
14 issues from the Revised CEIP Chapters on Interim and Specific Targets, and Specific  
15 Actions; and the need to update the Company's Revised CEIP.

16 **A. Comparing the Initial and Revised CEIPs**

17 **Q. Can you provide an overview of the Company's Initial and Revised CEIPs?**

18 A. Yes. The Initial CEIP was filed December 30, 2021.<sup>27</sup> The Initial CEIP was informed  
19 by the Company's 2021 IRP filed with the Commission in September of 2021,<sup>28</sup> and

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<sup>26</sup> *Id.* at 95.

<sup>27</sup> *In re PacifiCorp's 2021 CEIP*, Docket No. UE-210829, Final 2021 CEIP, at 7, Figure 1.1 (available here: <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=85&year=2021&docketNumber=210829>).

<sup>28</sup> *In re PacifiCorp's 2021 IRP*, Docket No. UE-220420, 2021 Final IRP (Sept. 1, 2021).

1 was the result of a several years-long stakeholder process to inform the Company’s  
2 20-year planning document that began in early 2020.<sup>29</sup>

3 In June of 2022, Commission Staff filed an administrative complaint against  
4 the Company regarding the modeling and incorporation of the social cost of  
5 greenhouse gases (SCGHG) in the Initial CEIP.<sup>30</sup> The complaint was resolved a year  
6 later when Commission Staff moved to withdraw the complaint in February of 2023  
7 following a settlement entered into among some of the parties (Complaint  
8 Settlement).<sup>31</sup> The Commission granted Staff’s motion to withdraw and in accordance  
9 with the Complaint Settlement, the Company filed the Revised CEIP on March 13,  
10 2023.<sup>32</sup>

11 **Q. What are the differences between the Initial and Revised CEIP?**

12 A. The Revised CEIP differs from the Initial CEIP in several respects, including how to  
13 incorporate the SCGHG, and the resulting impacts to the Company’s interim targets  
14 and incremental costs. These differences between the Revised and Initial CEIP are  
15 reflected in Appendix E of the Revised CEIP, while the specific steps that the  
16 Company took to incorporate the SCGHG for the Revised CEIP are discussed in  
17 Rohini Ghosh’s testimony, as well as described in Appendix F of the Revised CEIP.

18 As a result, the Initial CEIP’s approach to incorporate the SCGHG to comply  
19 with CETA, and the resulting preferred portfolio, “was less costly, less risky, and  
20 resulted in higher renewable sections for [Washington]” compared to the approach

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<sup>29</sup> *In re PacifiCorp’s 2021 IRP*, Docket No. UE-220420, 2021 IRP Work Plan (Mar. 20, 2020).

<sup>30</sup> *In re PacifiCorp CEIP Complaint*, Docket No. UE-220376, Complaint and Notice of Prehearing Conference (Jun. 6, 2022).

<sup>31</sup> *In re PacifiCorp CEIP Complaint*, Docket No. UE-220376, Order 06 (Feb. 10, 2023).

<sup>32</sup> *In re PacifiCorp’s 2021 CEIP*, Docket No. UE-210829, Revised 2021 CEIP (Mar. 13, 2023).

1 taken in the Revised CEIP.<sup>33</sup> While the Company agrees that the Revised CEIP  
2 presents another reasonable interpretation for how to incorporate the SCGHG, this  
3 means that the Revised CEIP will “have higher costs, receive less renewable  
4 resources, and these resources are delayed several years,” compared to the Initial  
5 CEIP.<sup>34</sup> To the point, the Company’s Initial CEIP had estimated that the incremental  
6 cost to comply with CETA would actually result in a \$0.23 million annual reduction  
7 for Washington customers,<sup>35</sup> compared to the Revised CEIP that results in an  
8 additional \$2.59 million for Washington customers.<sup>36</sup>

9 **Q. Are there additional issues you would like to highlight?**

10 A. Yes. As a result of the Complaint Settlement, the Revised CEIP is more focused on  
11 Washington-specific issues, and certain issues discussing the Company’s six-state  
12 operations that were included in the Initial CEIP are not included in the Revised  
13 CEIP. The Company does not believe that any of the content that was removed from  
14 the Initial CEIP is material to the Commission’s decision on the Revised CEIP. To  
15 that end, the Company requests the Commission approve the Revised CEIP, and refer  
16 to the Initial CEIP for additional support and discussion regarding PacifiCorp’s six-  
17 state system as necessary.

18 **B. Interim and Specific Targets**

19 **Q. What do the Company’s interim targets represent?**

20 A. The interim targets represent the percentage or volume of the Company’s projected  
21 retail electric sales that the Company anticipates will be served with renewable or

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<sup>33</sup> Revised CEIP, Appendix F, at 3.

<sup>34</sup> *Id.*

<sup>35</sup> Initial CEIP, at 6.

<sup>36</sup> Revised CEIP, at 6.



1 non-emitting energy each year on the path to meet CETA's 2030 and 2045  
2 compliance requirements. These CEIP targets are based on then-current assumptions  
3 for various inputs, including: load growth, the mix of resources that will be allocated  
4 to serve Washington customers, anticipated ability to procure new resources (supply-  
5 side and demand-side, as well as transmission resources), claims to the underlying  
6 non-power attributes of the Company's contracted resources, what qualifies as  
7 renewable and non-emitting resources; and forecasted market prices, to name a few.

8 **Q. What was the Company's percentage of actual annual retail electric sales that**  
9 **were served with renewable and non-emitting energy in 2020?**

10 A. 21.9 percent.<sup>37</sup>

11 **Q. What were the Company's interim targets?**

12 A. The Revised CEIP includes yearly interim targets from 2022 through 2045, and  
13 indicate that the Company will be 100 percent GHG neutral by 2030, and achieve 100  
14 percent five years early in 2040.<sup>38</sup> The Company's specific interim targets as a  
15 percentage of projected retail electric sales served with renewable and non-emitting  
16 energy through 2030 include the following:

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<sup>37</sup> Revised 2021 CEIP, at 5.

<sup>38</sup> *Id.* at 11, Figure 1.1.

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**Table 1: Revised CEIP Interim Targets**

| <b>Year</b> | <b>Revised CEIP (%)</b> |
|-------------|-------------------------|
| 2022        | 31                      |
| 2023        | 31                      |
| 2024        | 40                      |
| 2025        | 60                      |
| 2026        | 67                      |
| 2027        | 67                      |
| 2028        | 73                      |
| 2029        | 73                      |
| 2030        | 84                      |

2 **Q. Do you have anything you would like to highlight regarding the interim targets?**

3 A. Yes. The upward trajectory of the interim targets is driven by the Company's least-  
4 cost, least-risk analyses which demonstrates a significant need for system-wide  
5 renewable and non-emitting additional generation and transmission resources.

6 For example, over the 20-year planning horizon the CEIP portfolio includes  
7 13 gigawatts (GWs) of new resources, including: 6,033 megawatts (MWs) of new  
8 solar resources that are co-located with storage; 3,564 MWs of new wind resources  
9 co-located with storage; 1,500 MWs of advanced nuclear facilities; 1,422 MWs of  
10 non-emitting peaking resources, and 500 MWs of new hydroelectric storage.<sup>39</sup> The  
11 Company anticipates allocating over 1 GW of these resources to serve Washington

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<sup>39</sup> *Id.* at 16, Table 1.2.

1 customers.<sup>40</sup> The interim targets also assume that all of the resources from the  
2 Company's 2020 all-source RFP are included in the CEIP preferred portfolio.

3 The interim targets are also driven by the Company's assumptions of which  
4 thermal resources would serve Washington customers,<sup>41</sup> and are based on the  
5 allocation assumptions from the Post-Interim Period Methodology discussed above,<sup>42</sup>  
6 among others.

7 **Q. Do these interim targets anticipate relying on alternative compliance options**  
8 **prior to 2045?**

9 A. Yes. Prior to 2045, Washington allows utilities to pursue various alternative  
10 compliance options to satisfy CETA's requirements, including meeting up to 20  
11 percent of the Company's aggregate retail electric sales over any given compliance  
12 period with unbundled RECs. The Company anticipates using unbundled renewable  
13 energy certificates (RECs) to comply with CETA's greenhouse gas neutrality  
14 standard until 2045.<sup>43</sup> However the Company does not anticipate pursuing additional  
15 alternative compliance options, like energy transformation projects.<sup>44</sup>

16 **Q. What are the Company's specific targets?**

17 A. The Company proposes a renewable energy specific target of 2,450,430 megawatt

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<sup>40</sup> *Id.*

<sup>41</sup> *Id.* at 19 (including removing Colstrip Unit 4 and Jim Bridger Units 1–4 from Washington rates before 2024; retiring or divesting Colstrip from the Company's portfolio by the end of 2025; removing Hermiston from Washington rates by 2024; and retaining Chehalis to serve Washington customers through 2043).

<sup>42</sup> *Id.* at 14, n. 16 ("The WIJAM and the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol (2020 Protocol) define how resources and costs are allocated to Washington customers through December 21, 2023. The Washington Utilities and Transportation Commission approved the WIJAM and 2020 Protocol in its Final Order 09/07/12 in docket UE-191024 et. al., effective January 1, 2021. The company is in the process of negotiating its Multi-State Process (MSP) cost allocation methodology with the commissions and stakeholders in the six states it serves.");*Id.* at 15.

<sup>43</sup> *Id.* at 15.

<sup>44</sup> *Id.*

1 hours (MWh) by 2025;<sup>45</sup> an energy efficiency specific target of 212,421 MWh for  
2 2022-2025;<sup>46</sup> and a demand response specific target of 37.4 MWs by 2025.<sup>47</sup>  
3 Additional discussion regarding how the specific targets are related to the interim  
4 targets are found in the testimony of Rohini Ghosh.

5 **Q. What would you like to discuss regarding the Revised CEIP's energy efficiency**  
6 **targets?**

7 A. The Company estimates that by the end of the first compliance period in 2025, over  
8 212,431 MWhs of generation will be saved through energy efficiency efforts,  
9 including end-use efficiency, behavioral programs, and market transformation  
10 efforts.<sup>48</sup> This approximate 53,108 MWhs of first year energy savings result from the  
11 Company's 2021 IRP preferred portfolio energy efficiency selections, behavioral  
12 programs, and decoupling commitments.

13 It is important to note that these forecasted energy efficiency targets are based  
14 on the same targets used in the Company's biennial conservation plan (BCP) required  
15 by Washington's Energy Independence Act.<sup>49</sup> This conservation forecast was  
16 informed by the Company's recent 2021 conservation potential assessment (CPA),<sup>50</sup>  
17 and additional data sources, assumptions, and methods.<sup>51</sup> Accordingly, the CEIP  
18 energy efficiency targets include the BCP targets for years 2022 through 2023, and

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<sup>45</sup> *Id.* at 20, Table 1.4.

<sup>46</sup> *Id.* at 22, Table 1.5.

<sup>47</sup> *Id.* at 23.

<sup>48</sup> *Id.* at 22, Table 1.5.

<sup>49</sup> *Id.* at 21; RCW 19.258.040.

<sup>50</sup> CPA available here:

[https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2021-irp/2021-irp-support-and-studies/cpa-final-report-and-appendices/PacifiCorp%20DSM%20Potential%20Report%20-%20Vol%201%20-%20FINAL\\_2-26-2021.pdf](https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2021-irp/2021-irp-support-and-studies/cpa-final-report-and-appendices/PacifiCorp%20DSM%20Potential%20Report%20-%20Vol%201%20-%20FINAL_2-26-2021.pdf).

<sup>51</sup> Revised CEIP at 21.

1 repeat these forecasted targets for years 2024 through 2025.<sup>52</sup> These targets should be  
2 compared against, and in relation to, the Company's BCP and related targets that the  
3 Commission approved in early 2022.<sup>53</sup>

4 **Q. What would you like to discuss regarding the CEIP's demand response targets?**

5 A. The Company proposes procuring 37.4 MWs of annual demand response resources  
6 for this first implementation period.<sup>54</sup> This target is informed by both the 2021 CPA,  
7 as well as bids solicited from the Company's 2021 demand response RFP.<sup>55</sup> This  
8 target does not include potential savings from the Company's current time-of-use  
9 pilot, which will be evaluated and incorporated into subsequent CEIPs when the  
10 Company has better information and broader participation in the program.<sup>56</sup>

11 **C. Specific Actions**

12 **Q. What is the purpose of the CEIP's specific actions?**

13 A. While the interim targets are discrete metrics that track the Company's progress  
14 towards complying with CETA, specific actions are the actual steps that the Company  
15 plans to take to meet these targets. The Revised CEIP includes several substantial  
16 renewable energy, energy efficiency, demand response, and stakeholder engagement  
17 actions to achieve the Company's interim targets.

18 **Q. What renewable energy actions would you like to highlight?**

19 A. The bedrock of the Company's supply-side procurement actions for the Revised CEIP  
20 are the Company's 2020 and 2022 All Source Request for Proposals (2020AS RFP

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<sup>52</sup> Revised CEIP at 22, Table 1.5; *Id.* at 77, Table 3.5.

<sup>53</sup> *In re PacifiCorp's 10 Year Electric Conservation Potential*, Docket No. UE-210830, Order 01 (Jan. 18, 2022) (approving PacifiCorp's 2022-2023 BCP).

<sup>54</sup> Revised CEIP at 23.

<sup>55</sup> *Id.*; See also *In re PacifiCorp's 2021 DR RFP*, Docket No. UE-210088.

<sup>56</sup> *Id.*

1 and 2022AS RFP, respectively). This includes 1,792 MWs of wind generation, 1,211  
2 MWs of solar generation paired with storage, 590 MWs of wind generation, and 200  
3 MWs of stand-alone battery resources from the 2020AS RFP final shortlist.<sup>57</sup> It also  
4 includes 1,345 MWs of new proxy renewable and non-emitting resources, 600 MWs  
5 of resources collocated with storage, and 272 MWs of demand-side resources that the  
6 Company plans to select from bidders in the 2022AS RFP.<sup>58</sup>

7           However, it needs to be re-stated that even though the Company has proposed  
8 to procure over 4.5 GWs of resources, these efforts may be hindered by market  
9 conditions. Even if a resource is selected for the final shortlist for a given RFP,  
10 PacifiCorp may not be able to execute an agreement. For example, PacifiCorp may  
11 not be able to cost justify the final terms of the power purchase agreement with a  
12 developer due to changes in development costs related to supply-chain and labor  
13 issues, global pandemics, federal tariffs, site control and permitting issues, or  
14 potentially third-party competition for the resource. Additionally, actual allocations of  
15 Washington-specific resources will depend on future Commission decisions regarding  
16 the Company's allocation methodologies.

17           That said, even though it is reasonable to assume that a percentage of these  
18 planned procurement actions will not succeed, these two RFPs amount to over 4.5  
19 GWs of renewable and non-emitting resources.<sup>59</sup> The portion of these assets that are  
20 allocated to serve Washington customers are transformational assets that will put the

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<sup>57</sup> CEIP, at 66, Table 3.2.

<sup>58</sup> *Id.* at 67, Table 3.3, and 70.

<sup>59</sup> *Id.* at 66–67.

1 Company on a solid path to complying with CETA, as well as the Company's interim  
2 targets, while doing so in a cost-effective, least-risk manner.

3 **Q. What else would you like to discuss regarding the Company's renewable energy**  
4 **actions?**

5 A. The Company represents that these procurement efforts are based on industry best  
6 practices. For example, each RFP includes several consumer-protection mechanisms:  
7 (1) ensuring each bid conforms to minimum requirements; (2) reviewing each bid for  
8 non-price and price scoring determinants to identify a preferred portfolio for  
9 PacifiCorp's six-state system; (3) including state-specific resource considerations (for  
10 example, relevant CBIs); and (4) involving the assistance of three independent  
11 evaluators (one each for Oregon, Utah, and Washington).<sup>60</sup>

12 Taken together, these RFPs result in reverse auctions, where the lowest cost  
13 conforming bids are selected, and are overseen by neutral third-party evaluators.  
14 These are the hallmark signatures of utility resource procurement, and have the best  
15 chance to result in resources that are the most cost-effective, least-risk resources that  
16 the Company could otherwise procure to serve its Washington customers

17 **Q. What energy efficiency actions would you like to highlight?**

18 A. For several decades, the Company has provided substantial benefits to customers  
19 through existing energy efficiency programs.

20 For example, the Company's need-based low-income weatherization program  
21 provides qualifying customers with financial incentives to install substantial energy

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<sup>60</sup> CEIP, at 69–75.

1 efficiency upgrades for their residences.<sup>61</sup> These upgrades include both major  
2 measures (retrofitting buildings to increase thermal insulation in ceilings, walls, and  
3 floors), and supplemental (for example, installing duct work, dehumidifiers, time  
4 thermostats, water heaters, LED lights, and new refrigerators).<sup>62</sup> Low-income  
5 customers can also participate in the Company’s residential Wattsmart home energy  
6 savings program, that provides additional opportunities to improve the energy  
7 efficiency of residences, whether through the purchase and installation of new heat  
8 pumps, increased weatherization, or upgraded windows, for example.<sup>63</sup> These energy  
9 efficiency programs, in addition to the Company’s low-income bill assistance  
10 programs<sup>64</sup> and Project HELP Fuel Fund will continue to help mitigate impacts to  
11 vulnerable communities.

12 The Company has similar energy efficiency programs for businesses  
13 (commercial, industrial, and irrigation customer classes), where customers can  
14 receive substantial incentives for interior and exterior lighting, HVAC equipment and

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<sup>61</sup> PacifiCorp’s Washington Schedule 114 available here:  
[https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/114\\_Residential\\_Energy\\_Efficiency\\_Rider\\_Optional\\_for\\_Qualifying\\_Low\\_Income\\_Customers.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/114_Residential_Energy_Efficiency_Rider_Optional_for_Qualifying_Low_Income_Customers.pdf).

<sup>62</sup> *Id.*

<sup>63</sup> PacifiCorp’s Washington Schedule 118 available here:  
[https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/118\\_Home\\_Energy\\_Savings\\_Incentive\\_Program.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/118_Home_Energy_Savings_Incentive_Program.pdf).

<sup>64</sup> Washington Schedule 17 available here:  
[https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/017\\_Low\\_Income\\_Bill\\_Assistance\\_Program\\_Residential\\_Service\\_Optional\\_for\\_Qualifying\\_Customers.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/017_Low_Income_Bill_Assistance_Program_Residential_Service_Optional_for_Qualifying_Customers.pdf); Schedule 119, available here:  
[https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/119\\_Residential\\_COVID-19\\_Bill\\_Payment\\_Assistance\\_Program\\_Optional\\_for\\_Qualifying\\_Customers.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/119_Residential_COVID-19_Bill_Payment_Assistance_Program_Optional_for_Qualifying_Customers.pdf)



1 controls, evaporative cooling, food service equipment and other appliances, and  
2 various farm and dairy energy efficiency measures, to name a few.<sup>65</sup>

3 As specific actions, the Company has proposed to increase the financial  
4 incentives under several program, broaden the scope of services provided and  
5 customers served, and create additional participant tracking and reporting actions.<sup>66</sup>  
6 Each of these actions were informed by relevant CBIs and input from the Company's  
7 EAG, and as noted in the CEIP, are anticipated to deliver 217,408 MWh of savings  
8 over the first CEIP implementation period.<sup>67</sup> Each will help improve energy  
9 efficiency and provide targeted benefits for Washington customers.

10 **Q. What specific demand response actions has the Company proposed?**

11 A. As a direct result of the Company's 2021 demand side RFP and resulting final  
12 shortlist of selected resources, PacifiCorp has proposed to procure over 37.4 MWs of  
13 demand response resources as a specific action through 2025.<sup>68</sup> The Company has  
14 recently implemented several programs during the implementation period to reduce  
15 the Company's peak load. These programs include various services to curtail  
16 commercial and industrial load, irrigation load control. Most recently, the Company  
17 has filed a prospective residential thermostat and water heater program with the  
18 Commission for approval. Looking ahead the Company is considering forthcoming

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<sup>65</sup> Washington Schedule 140, available here:  
[https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/140\\_Non\\_Residential\\_Energy\\_Efficiency.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/140_Non_Residential_Energy_Efficiency.pdf); list of incentives available here:  
[https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/washington/WA\\_wattsmart\\_Business\\_Incentive\\_Lists.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/washington/WA_wattsmart_Business_Incentive_Lists.pdf)

<sup>66</sup> Revised CEIP, at 77–80; *see also In re PacifiCorp's 2021 DR RFP*, Docket No. UE-210088.

<sup>67</sup> Revised CEIP at 77, Table 3.5; *but see In re PacifiCorp's 2023 Biennial Conservation Plan*, Docket No. UE-210830, Order 01 (Jan. 18, 2022) (discussing PacifiCorp's ten year achievable conservation potential, biennial conservation target, and applying conditions).

<sup>68</sup> *Id.* at 76.

1 battery storage, managed charging for electric vehicles, and time-of-use pilots.<sup>69</sup> Each  
2 of these programs have and will continue to have robust stakeholder engagement with  
3 the Washington DSM advisory group and Equity Advisory group on programs.

4 Within the CEIP, the Company included proposed program development strategies,  
5 estimated program budgets, measurement and verification protocols, consideration of  
6 energy and non-energy benefits and costs, and relation to CBIs.<sup>70</sup>

7 **Q. What specific stakeholder engagement actions would you like to highlight?**

8 A. As a direct result from feedback from the Company's EAG, the Company proposes  
9 several actions to improve the delivery, outreach, and communication regarding its  
10 existing and planned programs.

11 Regarding outreach, language, and education, the Company plans to develop  
12 more targeted marketing materials to reach historically underserved and highly  
13 impacted communities (for example, in schools, grocery stores, and laundromats as  
14 opposed to only relying on state-wide or regional marketing channels) and will  
15 continue to increase its outreach to Spanish-speaking customers through additional  
16 translation of program materials. Appendix C includes additional specific community  
17 outreach and engagement actions.

18 Regarding electrification, the Company plans to establish an electric vehicle  
19 program that provides additional support for named communities to install and  
20 purchase electric vehicle charging infrastructure, conduct outreach, and potentially

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<sup>69</sup> *Id.* at 84–85.

<sup>70</sup> *Id.* at 85–90.

1 purchase electric vehicles, with approximately \$500,000 to \$750,000 in estimated  
2 program costs over the initial implementation period.<sup>71</sup>

3 **D. CEIP Update**

4 **Q. Do you have any additional issues to raise for the Commission’s consideration of**  
5 **the Company’s CEIPs?**

6 A. Yes. The Company has requested the Commission permit the Company to update its  
7 CEIP to reflect current assumptions and operational realities that impact the interim  
8 targets.

9 **Q. Do you believe that the Company’s assumptions when it filed the Initial CEIP**  
10 **were reasonable and merit approval?**

11 A. Yes. At the time the CEIP was developed, PacifiCorp could not predict the current  
12 energy market conditions, the continuing supply chain issues affecting developers,  
13 and had anticipated that a new allocation methodology would include fixed  
14 allocations with larger shares of resources going to serve Washington customers. As  
15 noted in the Company’s petition for clarification and review, several of those  
16 assumptions are no longer reasonable, nor reflect current operational realities.<sup>72</sup>

17 **Q. How does the Company recommend the Commission consider this information?**

18 A. Because Washington law requires utility CEIPs to include, and the Commission to  
19 approve, interim and specific targets, PacifiCorp recommends the Commission  
20 approve the Company’s Revised CEIP (including the annual interim targets and four-  
21 year interim target) that was based on then-reasonable assumptions, and permit the

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<sup>71</sup> Revised CEIP, at 93; *see also In re PacifiCorp’s 2022 Transportation Electrification Plan*, Docket No. UE-220359, Order 01 Acknowledgement Letter (Oct. 27, 2022).

<sup>72</sup> *In re PacifiCorp’s 2021 CEIP*, Docket No. UE-210829, Motion for Clarification or Review, ¶¶ 14-20 (May 30, 2023) (discussing several examples why an update was needed).

1 Company to update these assumptions as necessary in the 2023 Biennial CEIP  
2 Update.

3 **V. CONCLUSION**

4 **Q. Does this conclude your direct testimony?**

5 A. Yes.